

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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June 22, 2006

Donald Martello, Treasurer
AFGE LU 1916
PO Box 231
South Park, PA 15129-0231

Re: Case Number: _____

Dear Mr. Martello:

This office has recently completed an audit of under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA). As discussed during the exit interview with President Ron Demicheli on May 5, 2006, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

The CSRA establishes certain reporting and recordkeeping requirements. Among other things, adequate records must be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to personal credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Meeting minutes must be retained. Minutes need to be taken at executive board meetings along with the current practice of taking membership meeting minutes.


During the audit, you advised that an officer may sign blank checks in advance. Your union's bylaws require that all checks be signed by two of the three approved officers; the president, treasurer, or the vice president. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 1916 review these procedures to improve internal control of union funds.

The audit revealed a violation of CSRA - 29 CFR, Section 458.35 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1916's officers and employees were bonded for \$5,000, but they must be bonded for at least \$14,745.

Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

I want to extend my personal appreciation to for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: President Ron Demicheli